



**OFFICE OF AUDITOR OF STATE  
STATE OF IOWA**

David A. Vaudt, CPA  
Auditor of State

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**NEWS RELEASE**

**FOR RELEASE**

**March 19, 2003**

**Contact: Andy Nielsen  
515/281-5515**

The Office of Auditor of State today released an audit report on Taylor County, Iowa.

The County had local tax revenue of \$6,214,841 for the year ended June 30, 2002, which included \$597,666 in tax credits from the state. The County forwarded \$4,452,119 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$1,762,722 of the local tax revenue to finance County operations, an eight percent increase from the prior year. Other revenues included \$2,869,415 from the state, including indirect federal funding, \$165,772 from direct federal grants and entitlements and \$66,921 in interest on investments.

Expenditures for County operations totaled \$5,983,628, an eleven percent increase from the prior year. The increase in expenditures is due primarily to the purchase of secondary roads department equipment and a bridge replacement project. Expenditures included \$2,667,618 for roads and transportation, \$595,490 for public safety and \$583,944 for mental health.

A copy of the audit report is available for review in the office of the Auditor of State and the County Auditor's office.

# # #



**TAYLOR COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2002**

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## **Taylor County**

### **Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Robert Lundquist	Board of Supervisors	Jan 2003
Drexal Wall	Board of Supervisors	Jan 2005
Leland Little	Board of Supervisors	Jan 2005
Bonny Baker	County Auditor	Jan 2005
Pam Sprague	County Treasurer	Jan 2003
Pamela S. Calfee	County Recorder	Jan 2003
Lonnie Weed	County Sheriff	Jan 2005
Ronald D. Bonnett	County Attorney	Jan 2003
Rosalyn Cummings	County Assessor	Jan 2004

**Taylor County**



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**Independent Auditor's Report**

To the Officials of Taylor County:

We have audited the accompanying general purpose financial statements, listed as exhibits in the table of contents of this report, of Taylor County, Iowa, as of and for the year ended June 30, 2002. These general purpose financial statements are the responsibility of Taylor County's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Taylor County at June 30, 2002, and the results of its operations for the year then ended in conformity with U.S. generally accepted accounting principles. Also, the Comparison of Receipts, Disbursements and Changes in Balances - Actual to Budget (Cash Basis) presents fairly, in all material respects, the cash transactions and the legally adopted budget of the governmental fund types and expendable trust fund of Taylor County for the year ended June 30, 2002.

In accordance with Government Auditing Standards, we have also issued our reports dated January 29, 2003 on our consideration of Taylor County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the general purpose financial statements for the three years ended June 30, 2001 (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplemental information included in Schedules 1 through 9, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated in all material respects, in relation to the general purpose financial statements taken as a whole.

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

January 29, 2003

**Taylor County**



## **Financial Statements**

Taylor County  
Combined Balance Sheet  
All Fund Types and Account Groups  
June 30, 2002

	Governmental Fund Types		
	General	Special Revenue	Debt Service
<b>Assets and Other Debits</b>			
Cash and pooled investments:			
County Treasurer	\$ 573,391	962,800	269
Other County officials	-	-	-
Receivables:			
Property tax:			
Delinquent	410	76	6
Succeeding year	1,096,000	547,000	14,000
Interest and penalty on property tax	738	-	-
Accounts	2,795	287	-
Accrued interest	1,842	-	-
Due from other funds (note 3)	14,591	771	-
Due from other governments	62,685	159,109	-
Inventories	-	155,513	-
Prepaid items	147,281	-	-
Property and equipment (note 4)	-	-	-
Amount available in Debt Service Fund	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-
<b>Total assets and other debits</b>	<b>\$ 1,899,733</b>	<b>1,825,556</b>	<b>14,275</b>

Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	General Fixed Assets	General Long-Term Debt	
Trust and Agency			
502,369	-	-	2,038,829
15,475	-	-	15,475
1,931	-	-	2,423
3,842,000	-	-	5,499,000
-	-	-	738
228	-	-	3,310
-	-	-	1,842
-	-	-	15,362
-	-	-	221,794
-	-	-	155,513
-	-	-	147,281
-	5,063,427	-	5,063,427
-	-	270	270
-	-	533,262	533,262
4,362,003	5,063,427	533,532	13,698,526

Taylor County  
Combined Balance Sheet  
All Fund Types and Account Groups  
June 30, 2002

	Governmental Fund Types		
	General	Special Revenue	Debt Service
<b>Liabilities, Fund Equity and Other Credits</b>			
Liabilities:			
Excess of outstanding warrants over cash balance	\$ -	-	-
Accounts payable	16,437	110,770	-
Salaries and benefits payable	683	23,487	-
Due to other funds (note 3)	243	54	-
Due to other governments (note 5)	7,008	73,551	-
Trusts payable	-	-	-
Deferred revenue:			
Succeeding year property tax	1,096,000	547,000	14,000
Other	9,569	70	5
Capital lease purchase agreements (note 6)	-	-	-
Notes payable (note 6)	-	-	-
Compensated absences	10,993	16,420	-
Total liabilities	<u>1,140,933</u>	<u>771,352</u>	<u>14,005</u>
Fund equity and other credits:			
Investment in general fixed assets	-	-	-
Fund balances:			
Reserved for:			
Supplemental levy purposes	226,123	-	-
Inventories	-	155,513	-
Prepaid items	147,281	-	-
Medicaid contingencies	9,622	-	-
Resource enhancement and protection	21,929	-	-
Unreserved:			
Designated for projects	4,000	81,943	-
Undesignated	349,845	816,748	270
Total fund equity and other credits	<u>758,800</u>	<u>1,054,204</u>	<u>270</u>
<b>Total liabilities, fund equity and other credits</b>	<u><u>\$1,899,733</u></u>	<u><u>1,825,556</u></u>	<u><u>14,275</u></u>

See notes to financial statements.

Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	General Fixed Assets	General Long-Term Debt	
Trust and Agency			
70	-	-	70
1,147	-	-	128,354
-	-	-	24,170
15,065	-	-	15,362
4,328,577	-	-	4,409,136
4,778	-	-	4,778
-	-	-	1,657,000
-	-	-	9,644
-	-	390,290	390,290
-	-	15,000	15,000
3,913	-	128,242	159,568
4,353,550	-	533,532	6,813,372
-	5,063,427	-	5,063,427
-	-	-	226,123
-	-	-	155,513
-	-	-	147,281
-	-	-	9,622
-	-	-	21,929
-	-	-	85,943
8,453	-	-	1,175,316
8,453	5,063,427	-	6,885,154
4,362,003	5,063,427	533,532	13,698,526

Taylor County  
Combined Statement of Revenues, Expenditures and  
Changes in Fund Balances - All Governmental Fund Types  
and Expendable Trust Fund

Year ended June 30, 2002

	Governmental Fund Types		
	General	Special Revenue	Debt Service
Revenues:			
Property and other County tax	\$ 1,012,454	553,578	15,460
Interest and penalty on property tax	28,457	-	-
Intergovernmental	680,027	2,548,498	1,713
Licenses and permits	4,250	1,699	-
Charges for service	126,559	1,734	-
Use of money and property	68,434	3	-
Fines, forfeitures and defaults	-	1,593	-
Miscellaneous	14,947	12,937	-
Total revenues	1,935,128	3,120,042	17,173
Expenditures:			
Operating:			
Public safety	553,625	41,865	-
Court services	13,372	-	-
Physical health and education	448,939	5,000	-
Mental health	-	583,944	-
Social services	310,494	-	-
County environment	67,195	28,936	-
Roads and transportation	-	2,667,618	-
State and local government services	215,721	6,190	-
Interprogram services	469,669	-	-
Debt service	4,115	143,402	16,994
Capital projects	-	406,549	-
Total expenditures	2,083,130	3,883,504	16,994
Excess (deficiency) of revenues over (under) expenditures	(148,002)	(763,462)	179

<u>Fiduciary Fund Type</u> Expendable Trust	Total (Memorandum Only)
-	1,581,492
-	28,457
-	3,230,238
-	5,949
-	128,293
88	68,525
-	1,593
-	27,884
88	5,072,431
-	595,490
-	13,372
-	453,939
-	583,944
-	310,494
-	96,131
-	2,667,618
-	221,911
-	469,669
-	164,511
-	406,549
-	5,983,628
88	(911,197)

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Taylor County  
 Combined Statement of Revenues, Expenditures and  
 Changes in Fund Balances - All Governmental Fund Types  
 and Expendable Trust Fund

Year ended June 30, 2002

	Governmental Fund Types		
	General	Special Revenue	Debt Service
Other financing sources (uses):			
Operating transfers in	6,575	494,122	-
Operating transfers out	(15,400)	(478,722)	-
Capital lease purchase agreement	-	386,431	-
Total other financing uses (sources)	(8,825)	401,831	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(156,827)	(361,631)	179
Fund balances beginning of year	904,726	1,432,184	91
Increase (decrease) in reserve for:			
Inventories	-	(16,349)	-
Prepaid items	10,901	-	-
Fund balances end of year	<u>\$ 758,800</u>	<u>1,054,204</u>	<u>270</u>

See notes to financial statements.



<u>Fiduciary Fund Type</u> Expendable Trust	Total (Memorandum Only)
-	500,697
(6,575)	(500,697)
-	386,431
(6,575)	386,431
(6,487)	(524,766)
14,940	2,351,941
-	(16,349)
-	10,901
8,453	1,821,727

**Exhibit C**

## Taylor County

Comparison of Receipts, Disbursements and Changes in  
Balances - Actual to Budget (Cash Basis)  
All Governmental Fund Types and Expendable Trust Fund

Year ended June 30, 2002

	Actual	Amended Budget	Variance - Favorable (Unfavorable)	Actual as % of Amended Budget
<b>Receipts:</b>				
Property and other County tax	\$ 1,610,144	1,569,642	40,502	103%
Intergovernmental	3,206,403	3,351,046	(144,643)	96%
Licenses and permits	6,009	3,750	2,259	160%
Charges for service	128,539	75,963	52,576	169%
Use of money and property	93,033	101,930	(8,897)	91%
Fines, forfeitures and defaults	5,193	18,527	(13,334)	28%
Miscellaneous	27,414	31,150	(3,736)	88%
Total receipts	<u>5,076,735</u>	<u>5,152,008</u>	<u>(75,273)</u>	<u>99%</u>
<b>Disbursements:</b>				
Public safety	594,686	651,047	56,361	91%
Court services	20,759	25,300	4,541	82%
Physical health and education	461,126	487,364	26,238	95%
Mental health	572,629	635,698	63,069	90%
Social services	314,803	344,398	29,595	91%
County environment	96,467	133,970	37,503	72%
Roads and transportation	2,328,725	2,386,400	57,675	98%
State and local government services	222,067	237,477	15,410	94%
Interprogram services	472,647	542,405	69,758	87%
Debt service	165,661	166,412	751	100%
Capital projects	406,979	448,921	41,942	91%
Total disbursements	<u>5,656,549</u>	<u>6,059,392</u>	<u>402,843</u>	<u>93%</u>
Deficiency of receipts under disbursements	(579,814)	(907,384)		
Other financing sources, net	-	5,000		
Deficiency of receipts and other financing sources under disbursements and other financing uses	(579,814)	(902,384)		
Balance beginning of year	<u>2,124,727</u>	<u>1,810,164</u>		
Balance end of year	<u>\$ 1,544,913</u>	<u>907,780</u>		

See notes to financial statements.

Taylor County  
Notes to Financial Statements  
June 30, 2002

**(1) Summary of Significant Accounting Policies**

Taylor County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

**A. Reporting Entity**

For financial reporting purposes, Taylor County has included all funds, organizations, account groups, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County. Taylor County has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Taylor County Assessor's Conference Board, Taylor County Empowerment Board and the Taylor County Emergency Management Commission. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in an Agency Fund of the County.

The County also participates in the following jointly governed organizations: Adams and Taylor Counties Regional Service Agency, 5B Judicial District Juvenile Group Home and Shelter Care, South Iowa Area Crime Commission, Innovative Industries Sheltered Workshop, Matura, Southern Iowa Council of Governments, Southern Iowa Rural Water Association and Southern Iowa Regional Housing Authority.

## B. Fund Accounting

The accounts of the County are organized on the basis of funds and account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balances, revenues and expenditures. The various funds and account groups and their designated purposes are as follows:

### Governmental Funds

General Fund – The General Fund is the general operating fund of the County. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue Funds – The Special Revenue Funds are used to account for revenues derived from specific sources which are usually required by law or regulation to be accounted for in separate funds.

Debt Service Fund – The Debt Service Fund is utilized to account for the payment of interest and principal on the County's general long-term debt.

### Fiduciary Funds

Trust Funds – The Trust Funds are used to account for assets held by the County in a trustee capacity. These include expendable trust funds which are accounted for in essentially the same manner as Governmental Funds.

Agency Funds – The Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds. Agency Funds are custodial in nature, assets equal liabilities, and do not involve measurement of results of operations.

### Account Groups

General Fixed Assets – This account group is established to account for the general fixed assets of the County.

General Long-Term Debt – This account group is established to account for long-term debt of the County. Long-term liabilities expected to be financed from Governmental Funds are accounted for in this Account Group, not in the Governmental Funds.

## C. Measurement Focus

Governmental Funds and the Expendable Trust Fund are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance is considered a measure of "available spendable resources." Governmental Fund and Expendable Trust Fund operating statements present increases, revenues and other financing sources, and decreases, expenditures and other financing uses in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All Governmental Funds and the Expendable Trust Fund are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they become both measurable and available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred, except for unmatured interest on general long-term debt, which is recognized when due. Disbursements for the purchase of assets providing future benefits are recorded as expenditures at time of purchase.

Property taxes, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The assets and liabilities of the Agency Funds are accounted for using the modified accrual basis of accounting.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

E. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the combined balance sheet:

Cash and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Non-negotiable certificates of deposit are stated at cost.

Property Tax Receivable – Property tax in Governmental Funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 11/2% per month penalty for delinquent payments; is based on January 1, 2000 assessed property valuations; is for the tax accrual period July 1, 2001 through June 30, 2002 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2001.

Interest and Penalty on Property Tax Receivable – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2002, balances of interfund amounts receivable or payable have been recorded.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories in the Special Revenue Funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by a fund balance reserve which indicates that they are not available to liquidate current obligations.

General Fixed Assets – General fixed assets are recorded as expenditures in the Governmental Funds and are capitalized (recorded and accounted for) in the General Fixed Assets Account Group. Assets in this account group are recorded at historical cost. Assets acquired by gift are accounted for at fair market value at the date of the gift. The General Fixed Assets Account Group excludes public domain or “infrastructure” general fixed assets such as roads, bridges, curbs, gutters, streets, sidewalks and similar assets that are immovable and of value only to the government.

In accordance with standards set forth by the Governmental Accounting Standards Board, depreciation expense is not recorded on the balance sheet for general fixed assets. At the time an asset is removed from service, the cost is removed from the General Fixed Assets Account Group. Maintenance and repairs are recorded as expenditures in the Governmental Funds as incurred and are not capitalized.

During the year ended June 30, 2002, no interest costs were capitalized since there were no qualifying assets.

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable – Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, the succeeding year property tax receivable, as well as delinquent property tax receivables and other receivables not collected within sixty days after year end.

Compensated Absences – All County employees accumulate a limited amount of earned but unused vacation and certain County employees accumulate a limited amount of earned but unused compensatory and sick leave hours for subsequent use or for payment upon termination, death or retirement. For the Agency Funds, these accumulations are recorded as liabilities in the year earned. In the Governmental Funds, the cost of vacation, compensatory and sick leave payments expected to be liquidated currently are recorded as liabilities of the Governmental Fund. A liability has been recorded in the General Long-Term Debt Account Group representing the County's commitment to fund non-current compensated absences. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2002.

F. Budgets and Budgetary Accounting

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except agency funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 12 major classes of expenditures known as service areas, not by fund or fund type. These 12 service areas are: public safety, court services, physical health and education, mental health, social services, county environment, roads and transportation, state and local government services, interprogram services, non-program, debt service and capital projects. Service area disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service fund and expendable trust funds. Although the budget document presents service area disbursements by fund, the legal level of control is at the aggregated service area level, not at the fund or fund type level. Legal budgetary control is also based upon the appropriation to each office or department.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board and for the Emergency Management Services by the County Emergency Management Commission.

Exhibit C is a comparison of cash basis receipts, disbursements and changes in balances with the cash basis budget, which is legally controlled by service area, not fund type. Operations and ending fund balances on the cash and modified accrual basis have been reconciled as follows:

	Governmental Fund Types								
	General			Special Revenue			Debt Service		
	Cash Basis	Accrual Adjust-ments	Modified Accrual Basis	Cash Basis	Accrual Adjust-ments	Modified Accrual Basis	Cash Basis	Accrual Adjust-ments	Modified Accrual Basis
Revenues	\$ 1,955,816	(20,688)	1,935,128	3,103,620	16,422	3,120,042	17,176	(3)	17,173
Expenditures	2,104,513	(21,383)	2,083,130	3,533,892	349,612	3,883,504	18,144	(1,150)	16,994
Net	(148,697)	695	(148,002)	(430,272)	(333,190)	(763,462)	(968)	1,147	179
Other financing sources (uses)	(8,825)	-	(8,825)	15,400	386,431	401,831	-	-	-
Beginning fund balances	730,913	173,813	904,726	1,377,672	54,512	1,432,184	1,237	(1,146)	91
Increase (decrease) in reserve for:									
Inventories	-	-	-	-	(16,349)	(16,349)	-	-	-
Prepaid items	-	10,901	10,901	-	-	-	-	-	-
Ending fund balances	\$ 573,391	185,409	758,800	962,800	91,404	1,054,204	269	1	270

	Fiduciary Fund Type					
	Expendable Trust			Total		
	Cash Basis	Accrual Adjust-ments	Modified Accrual Basis	Cash Basis	Accrual Adjust-ments	Modified Accrual Basis
Revenues	\$ 123	(35)	88	5,076,735	(4,304)	5,072,431
Expenditures	-	-	-	5,656,549	327,079	5,983,628
Net	123	(35)	88	(579,814)	(331,383)	(911,197)
Other financing sources (uses)	(6,575)	-	(6,575)	-	386,431	386,431
Beginning fund balances	14,905	35	14,940	2,124,727	227,214	2,351,941
Increase (decrease) in reserve for:						
Inventories	-	-	-	-	(16,349)	(16,349)
Prepaid items	-	-	-	-	10,901	10,901
Ending fund balances	\$ 8,453	-	8,453	1,544,913	276,814	1,821,727

## G. Total (Memorandum Only)

The total column on the combined balance sheet and the combined statement of revenues, expenditures and changes in fund balances is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in these columns does not present financial position or results of operations in conformity with U.S. generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

## (2) **Cash and Pooled Investments**

The County's deposits in banks at June 30, 2002 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The County had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement Number 3.



**(3) Due From and Due to Other Funds**

The detail of interfund receivables and payables at June 30, 2002, is as follows:

Receivable Fund	Payable Fund	Amount
General	Trust and Agency:	
	County Auditor	\$ 153
	County Recorder	9,533
	County Sheriff	1,095
	Auto License and Use Tax	3,810
		<u>14,591</u>
Special Revenue:		
Secondary Roads	General	243
	Special Revenue:	
	Rural Services	54
County Recorder's	Trust and Agency:	
Records Management	County Recorder	474
		<u>771</u>
Total		<u>\$ 15,362</u>

**(4) Property and Equipment**

A summary of changes in property and equipment comprising general fixed assets for the year ended June 30, 2002, is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Land	\$ 83,214	-	-	83,214
Buildings	1,183,008	-	-	1,183,008
Equipment	3,738,918	87,429	29,142	3,797,205
Total	<u>\$ 5,005,140</u>	<u>87,429</u>	<u>29,142</u>	<u>5,063,427</u>

Equipment includes \$401,416 of assets acquired under capital leases.

**(5) Due to Other Governments**

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. The Agency Fund collections also include accruals of property tax for the succeeding year. The tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

Fund	Description	Amount
General	Services	\$ 7,008
Special Revenue:		
Secondary Roads	Services	3,791
Mental Health		69,760
		<u>73,551</u>
Trust and Agency:		
County Assessor	Collections	226,877
Schools		2,788,222
Community Colleges		122,542
Corporations		769,678
Auto License and Use Tax		106,241
Advance Tax		13,912
Empowerment Area		155,032
All other		146,073
		<u>4,328,577</u>
Total		<u><u>\$4,409,136</u></u>

**(6) Changes in Long-Term Debt**

A summary of changes in long-term debt for the year ended June 30, 2002, is as follows:

	Capital Lease Purchase Agreements	General Obligation Notes	Compen- sated Absences	Total
Balance beginning of year	\$ 142,127	30,000	121,973	294,100
Additions	386,431	-	6,269	392,700
Reductions	138,268	15,000	-	153,268
Balance end of year	<u><u>\$ 390,290</u></u>	<u><u>15,000</u></u>	<u><u>128,242</u></u>	<u><u>533,532</u></u>

Capital Lease Purchase Agreements

The County has entered into capital lease purchase agreements to lease a mower, a dozer and four motor graders. The following is a schedule of the future minimum lease payments, including interest ranging from 5.761% to 6.642% per annum, and the present value of net minimum lease payments under the agreements in effect at June 30, 2002:

Year Ending June 30,	Mower	Dozer and Motor Graders	Total
2003	\$ 4,115	110,883	114,998
2004	-	110,883	110,883
2005	-	110,883	110,883
2006	-	110,883	110,883
Total minimum lease payments	4,115	443,532	447,647
Less amount representing interest	(256)	(57,101)	(57,357)
Present value of net minimum lease payments	\$ 3,859	386,431	390,290

Payments under the above capital lease purchase agreements and those that were paid off during the year ended June 30, 2002, totaled \$147,517.

#### Notes Payable

A summary of the County's June 30, 2002 general obligation note indebtedness is as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2003	7.00%	\$ 15,000	1,050	16,050

During the year ended June 30, 2002, the County retired \$15,000 in general obligation notes.

#### **(7) Pension and Retirement Benefits**

The County contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of annual covered payroll except for law enforcement employees, in which case the percentages are 5.50% and 8.25%, respectively. Contribution requirements are established by State statute. The County's contribution to IPERS for the years ended June 30, 2002, 2001, and 2000 were \$113,637, \$113,294, and \$105,315 respectively, equal to the required contributions for each year.

## **(8) Risk Management**

Taylor County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 400 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property and inland marine. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2002 were \$84,323.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured in an amount not to exceed \$1,750,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$2,000,000 to \$15,000,000, such excess coverage is also reinsured. All property risks, including automobile physical damage, are also reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2002, no liability has been recorded in the County's financial statements. As of June 30, 2002, settled claims have not exceeded the risk pool or reinsurance company coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions, however, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$500,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(9) County Assisted Living Facility Revenue Bonds**

On April 1, 1999, the County entered into a loan agreement and issued \$3,000,000 of Assisted Living Facility Revenue Bonds to provide funds to loan to Taylor Ridge Estates, Inc. The proceeds were to be used to finance the costs of acquiring, constructing and equipping a 30-unit assisted living facility. The bonds and related interest are payable solely out of the net earnings of Taylor Ridge Estates, Inc. and do not constitute liabilities of the County. Because the bonds are to be paid from other than County resources, the liability is not recorded in the general long-term debt account group on Exhibit A.

The County has been named as a defendant in a lawsuit between Firststar Bank, N.A. and Taylor Ridge Estates, Inc. concerning this bond issue. The probability and amount of loss to the County, if any, is indeterminable.

**(10) Related Party Transactions**

The County had business transactions between the County and County officials (or relatives of County officials), totaling \$24,986 during the year ended June 30, 2002. Some of these transactions may represent a conflict of interest as defined by Chapter 331.342 of the Code of Iowa.

**Taylor County**

## **Supplemental Information**

**Schedule 1**

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## Taylor County

## General Fund

## Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2002

## Revenues:

## Property and other County tax:

Property tax	\$ 961,174	
Utility tax replacement excise tax	50,488	
Other	<u>792</u>	\$1,012,454

Interest and penalty on property tax 28,457

## Intergovernmental:

## State shared revenues:

Franchise tax	4,601	
Other	<u>78</u>	
	<u>4,679</u>	

## State grants and reimbursements including

## indirect federal funding:

Homemaker health grant	47,708	
Public health nursing grant	17,174	
Human services administration reimbursement	14,935	
Resource enhancement and protection program	7,925	
Well testing and abandonment	2,133	
Maternal and child health grants	50,841	
Other	<u>194,228</u>	
	<u>334,944</u>	

## State tax replacements:

State tax credits	112,751	
State allocation	<u>48,060</u>	
	<u>160,811</u>	

## Direct federal grants and entitlements:

Medicare and medicaid	145,513	
Other	<u>20,259</u>	
	<u>165,772</u>	

Contributions and reimbursements from  
other governmental units:

Prisoner care	7,814	
Other	<u>6,007</u>	
	<u>13,821</u>	680,027

Licenses and permits 4,250

## Charges for service:

## Office fees and collections:

County Recorder	35,587	
County Sheriff	15,494	



## Taylor County

## General Fund

## Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2002

## Revenues (continued):

## Charges for service (continued):

Auto registration, use tax, drivers license and mailing	44,147	
Recreation fees	4,487	
Health fees	18,928	
Miscellaneous	<u>7,916</u>	126,559

## Use of money and property:

Interest on investments	66,830	
Land rent	<u>1,604</u>	68,434

## Miscellaneous:

Miscellaneous		<u>14,947</u>
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Total revenues		<u>1,935,128</u>
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## Expenditures:

## Operating:

Public safety	553,625
Court services	13,372
Physical health and education	448,939
Social services	310,494
County environment	67,195
State and local government services	215,721
Interprogram services	469,669

Debt service	<u>4,115</u>
--------------	--------------

Total expenditures	<u>2,083,130</u>
--------------------	------------------

Deficiency of revenues under expenditures	<u>(148,002)</u>
---	------------------

## Other financing sources (uses):

## Operating transfers in (out):

## Special Revenue:

Secondary Roads	(15,400)
-----------------	----------

## Expendable Trust:

Conservation Land Acquisition Trust	<u>6,575</u>
-------------------------------------	--------------

Total other financing sources (uses)	<u>(8,825)</u>
--------------------------------------	----------------

Deficiency of revenues and other financing sources under expenditures and other financing uses	(156,827)
---	-----------

Fund balance beginning of year	904,726
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Increase in reserve for prepaid items	<u>10,901</u>
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Fund balance end of year	<u><u>\$ 758,800</u></u>
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See accompanying independent auditor's report.

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Taylor County

General Fund

Statement of Expenditures

Year ended June 30, 2002

Public Safety Service Area:

Law enforcement:

Uniformed patrol services	\$ 13,504	
Investigations	2,746	
Law enforcement communication	156,104	
Adult correctional services	40,257	
Administration	242,084	
	<u>454,695</u>	

Legal services:

Criminal prosecution	84,189	
Medical examinations	617	
	<u>84,806</u>	

Emergency services:

Emergency management	<u>14,124</u>	\$ 553,625
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Court Services Service Area:

Assistance to district court system:

Research and other assistance	<u>6,273</u>	
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Court proceedings:

Detention services	<u>3,130</u>	
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Juvenile justice administration:

Juvenile victim restitution	1,468	
Court-appointed attorneys and court costs for juveniles	2,501	
	<u>3,969</u>	13,372

Physical Health and Education Service Area:

Physical health services:

Personal and family health services	396,482	
Communicable disease prevention and control services	15,231	
Sanitation	18,965	
	<u>430,678</u>	

Educational services:

Historic preservation	3,000	
Fairgrounds	10,000	
Other educational services	5,261	
	<u>18,261</u>	448,939

Social Services Service Area:

Services to the poor:

Administration	16,595	
General welfare services	12,828	
Care in County Care Facility	46,901	
	<u>76,324</u>	

Services to military veterans:

Administration	842	
General services to veterans	294	
	<u>1,136</u>	

## Taylor County

## General Fund

## Statement of Expenditures

Year ended June 30, 2002

## Social Services Service Area (continued):

## Services to other adults:

Services to the elderly

175,882

Other social services

42,255

218,137

## Chemical dependency:

Preventive services

14,897

310,494

## County Environment Service Area:

## Conservation and recreation services:

Administration

21,870

Maintenance and operations

11,700

Recreation and environmental education

26,625

60,195

## County development:

Economic development

7,000

67,195

## State and Local Government Services Service Area:

## Representation services:

Elections administration

53,013

Local elections

4,76857,781

## State administrative services:

Motor vehicle registrations and licensing

72,299

Recording of public documents

85,641157,940

215,721

## Interprogram Services Service Area:

## Policy and administration:

General County management

117,766

Administration management services

43,023

Treasury management services

76,467

Other policy and administration

1,298238,554

## Central services:

General services

71,032

Data processing services

26,97498,006

## Risk management services:

Tort liability

83,641

Safety of the workplace

45,450

Unemployment compensation

4,018133,109

469,669

## Debt Service Service Area:

Principal

3,618

Interest

4974,115

Total

\$ 2,083,130

See accompanying independent auditor's report.

Taylor County  
Special Revenue Funds  
Combining Balance Sheet  
June 30, 2002

	Rural Services	Secondary Roads	County Recorder's Records Management
<b>Assets</b>			
Cash and pooled investments:	\$ 236,234	530,250	7,370
Receivables:			
Property tax:			
Delinquent	31	-	-
Succeeding year	426,000	-	-
Accounts	-	287	-
Due from other funds	-	297	474
Due from other governments	-	157,465	-
Inventories	-	155,513	-
<b>Total assets</b>	<b>\$ 662,265</b>	<b>843,812</b>	<b>7,844</b>
<b>Liabilities and Fund Equity</b>			
Liabilities:			
Accounts payable	\$ -	92,763	-
Salaries and benefits payable	-	23,306	-
Due to other funds	54	-	-
Due to other governments	-	3,791	-
Deferred revenue:			
Succeeding year property tax	426,000	-	-
Other	31	-	-
Compensated absences	576	15,844	-
Total liabilities	426,661	135,704	-
Fund equity:			
Fund balances:			
Reserved for inventories	-	155,513	-
Unreserved:			
Designated for projects	40,000	41,943	-
Undesignated	195,604	510,652	7,844
Total fund equity	235,604	708,108	7,844
<b>Total liabilities and fund equity</b>	<b>\$ 662,265</b>	<b>843,812</b>	<b>7,844</b>

See accompanying independent auditor's report.

Forfeitures	Mental Health	County Government Assistance	Total
17,371	164,198	7,377	962,800
-	45	-	76
-	121,000	-	547,000
-	-	-	287
-	-	-	771
-	1,644	-	159,109
-	-	-	155,513
17,371	286,887	7,377	1,825,556
-	18,007	-	110,770
-	181	-	23,487
-	-	-	54
-	69,760	-	73,551
-	121,000	-	547,000
-	39	-	70
-	-	-	16,420
-	208,987	-	771,352
-	-	-	155,513
-	-	-	81,943
17,371	77,900	7,377	816,748
17,371	77,900	7,377	1,054,204
17,371	286,887	7,377	1,825,556

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Taylor County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads
Revenues:		
Property and other County tax:		
Property tax	\$ 404,267	-
Utility tax replacement excise tax	22,489	-
Other	-	-
	<u>426,756</u>	<u>-</u>
Intergovernmental:		
State shared revenues:		
Road use tax	-	1,870,018
State grants and reimbursements including indirect federal funding:		
Highway planning and construction	-	318,818
Social services block grant	-	-
Other	-	14,371
	<u>-</u>	<u>333,189</u>
State tax replacements:		
State tax credits	41,609	-
Mental health property tax relief	-	-
Other	-	-
	<u>41,609</u>	<u>-</u>
	<u>41,609</u>	<u>2,203,207</u>
Licenses and permits	-	1,699
Charges for service:		
Document management fee	-	-
Use of money and property:		
Interest on investments	-	-
Fines, forfeitures and defaults	-	-
Miscellaneous:		
Sale of material	-	5,280
Miscellaneous	-	361
	<u>-</u>	<u>5,641</u>
Total revenues	<u>468,365</u>	<u>2,210,547</u>

County Recorder's Records Management	Forfeitures	Mental Health	County Government Assistance	Total
-	-	120,399	-	524,666
-	-	6,324	-	28,813
-	-	99	-	99
-	-	126,822	-	553,578
-	-	-	-	1,870,018
-	-	-	-	318,818
-	-	50,112	-	50,112
-	-	25,752	-	40,123
-	-	75,864	-	409,053
-	-	25,157	-	66,766
-	-	186,268	-	186,268
-	-	-	16,393	16,393
-	-	211,425	16,393	269,427
-	-	287,289	16,393	2,548,498
-	-	-	-	1,699
1,734	-	-	-	1,734
3	-	-	-	3
-	1,593	-	-	1,593
-	-	-	-	5,280
-	-	7,296	-	7,657
-	-	7,296	-	12,937
1,737	1,593	421,407	16,393	3,120,042

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Taylor County  
Special Revenue Funds  
Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Year ended June 30, 2002

	Rural Services	Secondary Roads
Expenditures:		
Operating:		
Public Safety Service Area:		
Law enforcement:		
Uniformed patrol services	22,176	-
Emergency services:		
Ambulance services	12,500	-
	<u>34,676</u>	<u>-</u>
Physical Health and Education Service Area:		
Educational services:		
Libraries	5,000	-
	<u>5,000</u>	<u>-</u>
Mental Health Service Area:		
Persons with mental health problems - mental illness:		
Treatment services	-	-
Institutional, hospital, and commitment services	-	-
	<u>-</u>	<u>-</u>
Persons with chronic mental illness:		
Coordination services	-	-
Personal and environmental support	-	-
Treatment services	-	-
Vocational and day services	-	-
Licensed or certified living arrangements	-	-
Institutional, hospital, and commitment services	-	-
	<u>-</u>	<u>-</u>
Persons with mental retardation:		
General administration	-	-
Coordination services	-	-
Personal and environmental support	-	-
Vocational and day services	-	-
Licensed or certified living arrangements	-	-
Institutional, hospital and commitment services	-	-
	<u>-</u>	<u>-</u>



County Recorder's Records Management	Forfeitures	Mental Health	County Government Assistance	Total
-	7,189	-	-	29,365
-	-	-	-	12,500
-	7,189	-	-	41,865
-	-	-	-	5,000
-	-	41,707	-	41,707
-	-	21,499	-	21,499
-	-	63,206	-	63,206
-	-	997	-	997
-	-	3,053	-	3,053
-	-	14,025	-	14,025
-	-	6,517	-	6,517
-	-	47,825	-	47,825
-	-	7,649	-	7,649
-	-	80,066	-	80,066
-	-	17,705	-	17,705
-	-	6,749	-	6,749
-	-	7,765	-	7,765
-	-	60,224	-	60,224
-	-	262,205	-	262,205
-	-	64,850	-	64,850
-	-	419,498	-	419,498

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Taylor County  
Special Revenue Funds  
Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Year ended June 30, 2002

	Rural Services	Secondary Roads
Expenditures (continued):		
Operating:		
Mental Health Service Area:		
Persons with other developmental disabilities:		
Coordination services	-	-
Vocational and day services	-	-
Licensed or certified living arrangements	-	-
Institutional, hospital and commitment services	-	-
	-	-
	-	-
County Environment Service Area:		
Environmental quality:		
Natural resources conservation	144	-
Weed eradication	21,743	-
	21,887	-
Animal control:		
Animal bounties and state apiarist expenses	49	-
County development:		
Economic development	7,000	-
	28,936	-
Roads and Transportation Service Area:		
Secondary roads administration and engineering:		
Administration	-	156,433
Engineering	-	127,566
	-	283,999
Roadway maintenance:		
Bridges and culvert	-	152,191
Roads	-	1,134,338
Snow and ice control	-	25,538
Traffic controls	-	7,278
Road clearing	29,544	114,732
	29,544	1,434,077

County Recorder's Records Management	Forfeitures	Mental Health	County Government Assistance	Total
-	-	508	-	508
-	-	4,480	-	4,480
-	-	16,180	-	16,180
-	-	6	-	6
-	-	21,174	-	21,174
-	-	583,944	-	583,944
-	-	-	-	144
-	-	-	-	21,743
-	-	-	-	21,887
-	-	-	-	49
-	-	-	-	7,000
-	-	-	-	28,936
-	-	-	-	156,433
-	-	-	-	127,566
-	-	-	-	283,999
-	-	-	-	152,191
-	-	-	19,000	1,153,338
-	-	-	-	25,538
-	-	-	-	7,278
-	-	-	-	144,276
-	-	-	19,000	1,482,621

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Taylor County  
Special Revenue Funds  
Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Year ended June 30, 2002

	Rural Services	Secondary Roads
Expenditures (continued):		
Operating:		
Roads and Transportation Service Area:		
General roadway expenditures:		
Equipment	-	521,931
Equipment operation	-	303,833
Tools, materials, and supplies	-	56,319
Real estate and buildings	-	18,915
	-	900,998
	29,544	2,619,074
State and Local Government Services Service Area:		
Representation services:		
Township officials	6,190	-
Debt Service Service Area:		
Principal	-	134,650
Interest	-	8,752
	-	143,402
Capital Projects Service Area:		
Roadway construction	-	406,549
Total expenditures	104,346	3,169,025
Excess (deficiency) of revenues over (under) expenditures	364,019	(958,478)
Other financing sources (uses):		
Operating transfers in (out):		
General	-	15,400
Special Revenue:		
Rural Services	-	478,722
Secondary Roads	(478,722)	-
Capital lease purchase agreement	-	386,431
Total other financing sources (uses)	(478,722)	880,553

County Recorder's Records Management	Forfeitures	Mental Health	County Government Assistance	Total
-	-	-	-	521,931
-	-	-	-	303,833
-	-	-	-	56,319
-	-	-	-	18,915
-	-	-	-	900,998
-	-	-	19,000	2,667,618
-	-	-	-	6,190
-	-	-	-	134,650
-	-	-	-	8,752
-	-	-	-	143,402
-	-	-	-	406,549
-	7,189	583,944	19,000	3,883,504
1,737	(5,596)	(162,537)	(2,607)	(763,462)
-	-	-	-	15,400
-	-	-	-	478,722
-	-	-	-	(478,722)
-	-	-	-	386,431
-	-	-	-	401,831

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Taylor County  
Special Revenue Funds  
Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Year ended June 30, 2002

	<u>Rural Services</u>	<u>Secondary Roads</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(114,703)	(77,925)
Fund balances beginning of year	350,307	802,382
Decrease in reserve for inventories	-	(16,349)
Fund balances end of year	<u>\$ 235,604</u>	<u>708,108</u>

See accompanying independent auditor's report.

County Recorder's Records Management	Forfeitures	Mental Health	County Government Assistance	Total
1,737	(5,596)	(162,537)	(2,607)	(361,631)
6,107	22,967	240,437	9,984	1,432,184
-	-	-	-	(16,349)
7,844	17,371	77,900	7,377	1,054,204

**Taylor County**



## Taylor County

## Debt Service Fund

Statement of Revenues, Expenditures and  
Changes in Fund Balance

Year ended June 30, 2002

## Revenues:

## Property and other County tax:

Property tax	\$	14,681	
Utility tax replacement excise tax		767	
Other		<u>12</u>	\$ 15,460

## Intergovernmental:

## State tax replacements:

State tax credits			<u>1,713</u>
Total revenues			<u>17,173</u>

## Expenditures:

## Debt Service Service Area:

Bonds redeemed	15,000	
Interest paid	<u>1,994</u>	<u>16,994</u>

Excess of revenues over expenditures	179
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Fund balance beginning of year	<u>91</u>
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Fund balance end of year	<u><u>\$ 270</u></u>
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See accompanying independent auditor's report.

Taylor County  
Trust and Agency Funds  
Combining Balance Sheet  
June 30, 2002

	Expendable Trust Fund	Agency		
	Conservation Land Acquis- ition Trust	County Offices		
		County Auditor	County Recorder	County Sheriff
<b>Assets</b>				
Cash and pooled investments:				
County Treasurer	\$ 8,453	-	-	-
Other County officials	-	2,692	11,688	1,095
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Accounts	-	-	125	-
<b>Total assets</b>	<b>\$ 8,453</b>	<b>2,692</b>	<b>11,813</b>	<b>1,095</b>
<b>Liabilities and Fund Equity</b>				
Liabilities:				
Excess of outstanding warrants over cash balance	\$ -	-	-	-
Accounts payable	-	-	-	-
Due to other funds	-	153	10,007	1,095
Due to other governments	-	-	1,806	-
Trusts payable	-	2,539	-	-
Compensated absences	-	-	-	-
Total liabilities	-	2,692	11,813	1,095
Fund equity:				
Unreserved fund balance	8,453	-	-	-
<b>Total liabilities and fund equity</b>	<b>\$ 8,453</b>	<b>2,692</b>	<b>11,813</b>	<b>1,095</b>

Funds					
Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corpor- ations	Townships
1,634	105,760	76,231	3,498	12,854	2,767
-	-	-	-	-	-
21	47	991	44	824	4
55,000	125,000	2,711,000	119,000	756,000	75,000
-	-	-	-	-	-
56,655	230,807	2,788,222	122,542	769,678	77,771
-	-	-	-	-	-
-	17	-	-	-	-
-	-	-	-	-	-
56,655	226,877	2,788,222	122,542	769,678	77,771
-	-	-	-	-	-
-	3,913	-	-	-	-
56,655	230,807	2,788,222	122,542	769,678	77,771
-	-	-	-	-	-
56,655	230,807	2,788,222	122,542	769,678	77,771

Taylor County  
Trust and Agency Funds  
Combining Balance Sheet  
June 30, 2002

	City Special Assess- ments	Auto License and Use Tax	Emergency Management Services	Agency E911 Data Base Manager
<b>Assets</b>				
Cash and pooled investments:				
County Treasurer	335	110,051	8,469	-
Other County officials	-	-	-	-
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Accounts	-	-	-	100
<b>Total assets</b>	<b>335</b>	<b>110,051</b>	<b>8,469</b>	<b>100</b>
<b>Liabilities and Fund Equity</b>				
Liabilities:				
Excess of outstanding warrants over cash balance	-	-	-	70
Accounts payable	-	-	20	-
Due to other funds	-	3,810	-	-
Due to other governments	335	106,241	8,449	30
Trusts payable	-	-	-	-
Compensated absences	-	-	-	-
Total liabilities	335	110,051	8,469	100
Fund equity:				
Unreserved fund balance	-	-	-	-
<b>Total liabilities and fund equity</b>	<b>335</b>	<b>110,051</b>	<b>8,469</b>	<b>100</b>

See accompanying independent auditor's report.

Funds						
Brucellosis and Tuberculosis Eradication	Tax Sale Redemp- tion	Advance Tax	Child Car Seat	Empower- ment Area	Anatomical Gift Public Awareness and Transportation	Total
27	1,548	13,912	688	156,142	-	502,369
-	-	-	-	-	-	15,475
-	-	-	-	-	-	1,931
1,000	-	-	-	-	-	3,842,000
-	-	-	-	-	3	228
1,027	1,548	13,912	688	156,142	3	4,362,003
-	-	-	-	-	-	70
-	-	-	-	1,110	-	1,147
-	-	-	-	-	-	15,065
1,027	-	13,912	-	155,032	-	4,328,577
-	1,548	-	688	-	3	4,778
-	-	-	-	-	-	3,913
1,027	1,548	13,912	688	156,142	3	4,353,550
-	-	-	-	-	-	8,453
1,027	1,548	13,912	688	156,142	3	4,362,003

Taylor County

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2002

	County Offices			Agricultural Extension Education
	County Auditor	County Recorder	County Sheriff	
<b>Assets and Liabilities</b>				
Balances beginning of year	\$ 459	13,026	1,095	53,733
Additions:				
Property and other County tax	-	-	-	58,773
State tax credits	-	-	-	6,214
State allocation	-	-	-	-
Drivers license fees	-	-	-	-
Office fees and collections	721	76,118	13,185	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	25,458	-	-	-
Miscellaneous	33	-	-	-
Total additions	26,212	76,118	13,185	64,987
Deductions:				
Agency Remittances:				
To other funds	568	39,004	12,879	-
To other governments	-	38,327	306	62,065
Trusts paid out	23,411	-	-	-
Total deductions	23,979	77,331	13,185	62,065
Balances end of year	\$ 2,692	11,813	1,095	56,655

County Assessor	Schools	Community Colleges	Corpor- ations	Townships	City Special Assess- ments
217,547	2,422,696	116,420	617,100	77,959	422
133,512	2,876,989	125,760	758,344	81,383	-
14,988	280,073	13,995	93,159	7,904	-
1,994	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	759
-	-	-	-	-	-
214	-	-	-	-	-
150,708	3,157,062	139,755	851,503	89,287	759
-	-	-	-	-	-
137,448	2,791,536	133,633	698,925	89,475	846
-	-	-	-	-	-
137,448	2,791,536	133,633	698,925	89,475	846
230,807	2,788,222	122,542	769,678	77,771	335

Taylor County

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2002

	Auto License and Use Tax	Emergency Management Services	E911 Data Base Manager	Brucellosis and Tuberculosis Eradication
<b>Assets and Liabilities</b>				
Balances beginning of year	103,637	6,572	600	1,029
Additions:				
Property and other County tax	-	-	-	922
State tax credits	-	-	-	103
State allocation	-	-	-	-
Drivers license fees	12,803	-	-	-
Office fees and collections	-	-	-	-
Auto licenses, use tax and postage	1,336,498	-	-	-
Assessments	-	-	-	-
Trusts	-	-	-	-
Miscellaneous	-	14,436	48,535	-
Total additions	1,349,301	14,436	48,535	1,025
Deductions:				
Agency Remittances:				
To other funds	45,653	-	-	-
To other governments	1,297,234	12,539	49,105	1,027
Trusts paid out	-	-	-	-
Total deductions	1,342,887	12,539	49,105	1,027
Balances end of year	110,051	8,469	30	1,027

See accompanying independent auditor's report.



Tax Sale Redemption	Advance Tax	Child Car Seat	Empowerment Area	Flexible Benefits	Anatomical Gift Public Awareness and Transportation	Total
2,464	20,818	688	218,127	160	6	3,874,558
-	-	-	-	-	-	4,035,683
-	-	-	-	-	-	416,436
-	-	-	-	-	-	1,994
-	-	-	-	-	-	12,803
-	-	-	-	-	-	90,024
-	-	-	-	-	-	1,336,498
-	-	-	-	-	-	759
71,849	13,892	-	-	14,234	16	125,449
-	-	-	324,082	-	-	387,300
71,849	13,892	-	324,082	14,234	16	6,406,946
-	-	-	-	-	-	98,104
-	20,798	-	386,067	-	-	5,719,331
72,765	-	-	-	14,394	19	110,589
72,765	20,798	-	386,067	14,394	19	5,928,024
1,548	13,912	688	156,142	-	3	4,353,480

**Taylor County**

Taylor County  
Comparison of Taxes and Intergovernmental Revenues

	Years ended June 30,			
	2002	2001	2000	1999
<b>Taxes:</b>				
Property tax	\$ 1,500,521	1,375,569	1,629,052	1,561,535
Utility tax replacement excise tax	80,068	82,369	-	-
Other	903	31	-	-
	<u>1,581,492</u>	<u>1,457,969</u>	<u>1,629,052</u>	<u>1,561,535</u>
<b>Intergovernmental:</b>				
State shared revenues:				
Road use tax	1,870,018	1,793,212	1,819,287	1,738,012
Other	4,679	2,481	3,225	6,731
State grants and reimbursements including indirect federal funding:				
Social services block grant	50,112	50,486	51,170	51,104
Human services administration reimbursement	14,935	23,581	23,766	20,109
Child support enforcement	-	-	-	5,192
Maternal and child health grants	50,841	40,520	51,641	-
Homemaker health grant	47,708	47,368	41,360	37,041
Public health nursing grant	17,174	19,254	24,165	17,541
Resource enhancement and protection program	7,925	8,527	7,722	5,851
Highway planning and construction	318,818	-	-	-
Well testing and abandonment	2,133	3,750	11,077	17,961
Other	234,351	96,073	155,192	61,923
State tax replacements:				
State tax credits	181,230	177,139	199,095	212,206
State allocation	48,060	50,172	108,470	108,409
Mental health property tax relief	186,268	186,268	186,268	186,268
Other	16,393	70,928	47,009	23,658
Direct federal grants and entitlements:				
Medicare and medicaid	145,513	123,395	259,262	66,784
Other	20,259	165,845	16,800	193,511
Contributions and reimbursements from other governmental units	13,821	153,876	111,261	103,090
Payments in lieu of taxes	-	-	-	454
	<u>3,230,238</u>	<u>3,012,875</u>	<u>3,116,770</u>	<u>2,855,845</u>
<b>Total</b>	<u>\$ 4,811,730</u>	<u>4,470,844</u>	<u>4,745,822</u>	<u>4,417,380</u>

See accompanying independent auditor's report.

**Schedule 9**

Taylor County  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2002

Grantor / Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Justice:			
Public Safety Partnership and Community Policing Grants	16.710	2000-UM-WX-3173	\$ 20,258
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for Food Stamp Program	10.561		3,307
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		5,187
Refugee and Entrant Assistance - State Administered Programs	93.566		24
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		675
Foster Care - Title IV-E	93.658		1,734
Adoption Assistance	93.659		586
Medical Assistance Program	93.778		5,258
Social Services Block Grant	93.667		3,408
Social Services Block Grant	93.667		50,112
			53,520
Iowa Department of Public Health:			
Immunization Grants	93.268	5881I419	1,020
Immunization Grants	93.268	5882I419	1,377
			2,397

Taylor County  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2002

Grantor / Program	CFDA Number	Agency Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283		<u>1,867</u>
Family Support Payments to States- Assistance Payments	93.560	5882VO87	<u>225</u>
Rural Health Outreach and Rural Network Development Program	93.912	5882C073	<u>8,652</u>
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	5881NB20	4,260
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	5882NB20	<u>20,580</u>
			<u>24,840</u>
Maternal and Child Health Services Block Grant to the States	93.994	5881MC07	13,353
Maternal and Child Health Services Block Grant to the States	93.994	5882MC02	<u>23,953</u>
			<u>37,306</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-CO87(21)--8J-87	<u>318,818</u>
Total indirect			<u>464,396</u>
Total			<u>\$ 484,654</u>

**Basis of Presentation** - The Schedule of Expenditures of Federal Awards includes the federal grant activity of Taylor County and is presented on the modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation, of the general purpose financial statements.

See accompanying independent auditor's report.

**Taylor County**



**OFFICE OF AUDITOR OF STATE  
STATE OF IOWA**

David A. Vaudt, CPA  
Auditor of State

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**Independent Auditor's Report on Compliance  
and on Internal Control over Financial Reporting**

To the Officials of Taylor County:

We have audited the general purpose financial statements of Taylor County, Iowa, as of and for the year ended June 30, 2002, and have issued our report thereon dated January 29, 2003. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether Taylor County's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2002 are based exclusively on knowledge obtained from procedures performed during our audit of the general purpose financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved except for items IV-E-02 and IV-K-02.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Taylor County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Taylor County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part II of the accompanying Schedule of Findings and Questioned Costs.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe item II-A-02 is a material weakness. Prior year reportable conditions have been resolved, except for items II-A-02 and II-B-02.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of Taylor County and other parties to whom Taylor County may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Taylor County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

January 29, 2003



**Independent Auditor's Report on Compliance with Requirements Applicable  
to Each Major Program and Internal Control over Compliance**

**Taylor County**



**OFFICE OF AUDITOR OF STATE  
STATE OF IOWA**

State Capitol Building  
Des Moines, Iowa 50319-0004

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David A. Vaudt, CPA  
Auditor of State

**Independent Auditor's Report on Compliance with Requirements  
Applicable to Each Major Program and Internal Control over Compliance**

To the Officials of Taylor County:

**Compliance**

We have audited the compliance of Taylor County, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2002. Taylor County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Taylor County's management. Our responsibility is to express an opinion on Taylor County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Taylor County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Taylor County's compliance with those requirements.

In our opinion, Taylor County complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2002.

**Internal Control Over Compliance**

The management of Taylor County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Taylor County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Taylor County and other parties to whom Taylor County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

January 29, 2003

Taylor County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2002

**Part I: Summary of the Independent Auditor's Results:**

- (a) An unqualified opinion was issued on the financial statements.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No reportable conditions in internal control over the major program were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program is CFDA Number 20.205 – Highway Planning and Construction.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Taylor County did not qualify as a low-risk auditee.

Taylor County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2002

**Part II: Findings Related to the General Purpose Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

**REPORTABLE CONDITIONS:**

II-A-02 Segregation of Duties - During our review of internal control, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the County's financial statements. Generally one or two individuals in the County Recorder's office may have control over the following areas for which no compensating controls exist:

- (1) All incoming mail should be opened by an employee who is not authorized to make entries to the accounting records. This employee should prepare a listing of cash and checks received. The mail should then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to the cash receipt records.
- (2) Checks should be signed by an individual who does not otherwise participate in the preparation of the checks. Prior to signing, the checks and the supporting documentation should be reviewed for propriety. After signing, the checks should be mailed without allowing them to return to individuals who prepare the checks or approve vouchers for payment.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, the County Recorder should review the operating procedures of the office to obtain the maximum internal control possible under the circumstances. The County Recorder should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports.

Response - I will evaluate our office's operating procedures to determine if there is a better method of ensuring better internal control.

Conclusion - Response accepted.

Taylor County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

II-B-02 Information Systems – During our review of internal control, the existing control activities in the County's computer based systems were evaluated in order to determine that activities, from a control standpoint, were designed to provide reasonable assurance regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The County Auditor and the County Treasurer have adopted a policy covering most areas of activities for the use and operation of their office computers. However, the following weaknesses in the County's computer based systems were noted:

The County does not have written policies (covering all County systems) for:

- providing a formal data processing security policy to all employees.
- addressing ownership of in-house developed software.
- instructing employees to run anti-virus software.
- ensuring that only software licensed to the County is installed on computers.
- usage of the internet.

Also, the County does not have a written disaster recovery plan covering the County's computer system.

Recommendation – The County should establish written policies and procedures for the use and operation of the County's computer system. A written disaster recovery plan should be developed.

Response – We will be reviewing some policies and plan to establish written policies and procedures for the use of Taylor County's computer system. We will also develop a disaster recovery plan for our computer system.

Conclusion – Response accepted.

Taylor County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2002

**Part III: Findings and Questioned Costs for Federal Awards:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

**REPORTABLE CONDITIONS:**

No material weaknesses in internal control over the major program were identified.



Taylor County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2002

**Part IV: Other Findings Related to Required Statutory Reporting:**

IV-A-02 Official Depositories – A resolution naming official depositories has been adopted by the Board. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2002.

IV-B-02 Certified Budget – Disbursements during the year ended June 30, 2002, did not exceed the amounts budgeted.

However, the Board did not publish a notice and hold a public hearing when appropriations were decreased in one department by \$5,000 or 10%, whichever was greater, as required by Chapter 331.434(6) of the Code of Iowa.

Recommendation – The Board should publish a notice for a public hearing on any proposed decrease of any County office or departmental appropriation which will be more than \$5,000 or 10%, whichever is greater, as required by Chapter 331.434(6) of the Code of Iowa.

Response – I will do this if this should happen again.

Conclusion – Response accepted.

IV-C-02 Questionable Expenditures – No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-D-02 Travel Expenses – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-E-02 Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Lonnie Weed, County Sheriff, part owner of Bedford Country Store	Gasoline	\$ 216
Cindy Coleman, County Auditor's office, spouse	Miscellaneous services	30
Lori Hughes, Deputy Recorder, spouse owns Hughes Feed and Supply and is County Auditor's brother	Seed and supplies for Secondary Roads Department	24,740

In accordance with Chapter 331.342(10) of the Code of Iowa, the transactions less than \$1,500 do not appear to represent conflicts of interest. The purchases of seed and supplies from Hughes Feed and Supply may represent a conflict of interest as defined in Chapter 331.342 of the Code of Iowa.

Taylor County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

Recommendation – The County should consult legal counsel to determine the disposition of this matter.

Response – Deputy Recorder Lori Hughes and County Auditor Bonny Baker do not have any input into the purchasing made by the Secondary Roads Department. The Board will consult legal counsel to clarify all above purchases.

Conclusion – Response accepted.

IV-F-02 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of all bonds should be periodically reviewed to ensure that the coverage is adequate for current operations.

IV-G-02 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-H-02 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the County's investment policy were noted.

IV-I-02 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IV-J-02 County Assessor – The County Conference Board went into closed sessions on March 7 and April 25, 2002, to discuss personnel matters relating to the appointment of new Board members. These meetings were not closed in accordance with Chapter 21.5(1)(i) of the Code of Iowa since the Board did not ask and document that the individual requested a closed session.

Recommendation – Minutes for closed meetings held under Chapter 21.5(1)(i) of the Code of Iowa should document that the individual requested the closed session.

Response – In the future this recommendation will be followed.

Conclusion – Response accepted.

IV-K-02 Emergency Management Services Budget – The budget was not adopted, certified and submitted to the Board of Supervisors by February 28, as required by Chapter 29C.17(5) of the Code of Iowa.

Recommendation – The budget should be adopted, certified and submitted to the Board of Supervisors on or before February 28, as required by Chapter 29C.17(5) of the Code of Iowa.

Response – I will have the budget adopted, certified and submitted to the Board on or before February 28 each year.

Taylor County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2002

Conclusion – Response accepted.

IV-L-02 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2002, for the County Extension Office did not exceed the amount budgeted.

The total disbursement amount listed on the published annual report, summary report and carryover calculation form for the year ended June 30, 2002, did not all agree and the variance could not be readily identified.

Recommendation – The County Extension Office should have procedures in place to ensure that all reports are reviewed for accuracy.

Response – We have remedied this situation and will recheck all numbers in the future.

Conclusion – Response accepted.

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Taylor County

Staff

This audit was performed by:

Kay F. Dunn, CPA, Manager  
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Steven O. Fuqua, CPA, Senior Auditor  
Jason R. Matter, Staff Auditor  
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